

FINANCE AND TAXATION

Title 6

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¹**Cross references**-Authority to appropriate money and provide for payment of city debts and expenses, § 2.1(3); election of auditor [finance officer] and treasurer, their responsibility to the board of commissioners and their removal, § 3.87; filling vacancies in offices of auditor [finance officer] and treasurer, § 3.88; for minimum salaries for auditor [finance officer] and treasurer, § 3.89; city auditor [finance officer] generally, § 3.95 et seq.; city treasurer generally, § 3.102 et seq.; examination of affairs and accounts of the city, § 8.37.

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CHAPTER I. IN GENERAL

Sec. 6.1. Mayor, finance officer and treasurer to select banks for city's funds; bonds required of such banks.

The mayor, the finance officer and the treasurer shall annually select a bank or banks or banking institution in the city which will give the highest rate of interest for the current deposit of the city's funds, and a bond [shall be furnished] to be approved by the unanimous vote of the mayor, the finance officer and the treasurer, conditioned for the safe-keeping and prompt payment of said funds or any part thereof when demanded by the treasurer, together with the stipulated interest thereon. (Priv. Acts 1901, Ch. 432, § 72)

(Paragraph 13b of the Amended Plan appended to the Agreed Order, dated 1-18-90, in the case of Brown v. Board of Commissioners, U.S.D.C., No. CIV-1-87-388)

Sec. 6.2. Reports required of certain boards, organizations, etc., to which city appropriates money.

Any board, institution, agency or organization to which the City of Chattanooga appropriates funds in any year of ten thousand dollars (\$10,000.00) or more shall submit to the city council quarterly statements containing full information as to its assets and liabilities, income and expenses, receipts and disbursements in such detail as the city council may require. The city council shall have access at all times, through representatives designated by the city council, to records and files of the recipient of such city funds for the purpose of verifying and clarifying said reports. (Priv. Acts 1949, Ch. 614, § 2)

(Paragraph 4 of the Amended Plan appended to the Agreed Order, dated 1-18-90, in the case of Brown v. Board of Commissioners, U.S.D.C., No. CIV-1-87-388)

Sec. 6.3. Statement of receipts and disbursements of city, etc., to be published each month.

The city treasurer shall, each month, cause to be printed in pamphlet form a detailed itemized statement of all receipts and disbursements of the city and a summary of its proceedings during the preceding month and furnish printed copies thereof to the city library, the daily newspapers of the city and to persons who will apply therefor at the office of the city finance officer. (Priv. Acts 1911, Ch. 10, § 23)

(Paragraphs 4 and 13b of the Amended Plan appended to the Agreed Order, dated 1-18-90, in the case of Brown v. Board of Commissioners, U.S.D.C., No. CIV-1-87-388)

Sec. 6.4. Advertising fund.

The act mentioned in the caption, which was passed on February 16, 1911, and approved February 17, 1911, and being House Bill No. 43, be, and the same is, hereby amended so as to authorize the city council of the City of Chattanooga to create and provide a

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fund to be known as an "Advertising Fund" for the purpose of advertising the resources and attractions of said City of Chattanooga, and the city council may, in the first apportionment ordinance of any fiscal year, set aside and apportion such sum as it may deem necessary or expedient for the maintenance of such fund; provided, however, that not more than five thousand dollars (\$5,000.00) shall be apportioned, appropriated or expended for such purposes in any one fiscal year.

Said fund, when available, shall be disposed of by the said mayor and city council of said City of Chattanooga for advertising purposes as they may direct. (Priv. Acts 1911, Ch. 552, §§ 1,2)

(Paragraph 4 of the Amended Plan appended to the Agreed Order, dated 1-18-90, in the case of Brown v. Board of Commissioners, U.S.D.C., No. CIV-1-87-388)

Secs. 6.5 – 6.14. Reserved.

CHAPTER II. CITY TAXES²

ARTICLE 1. GENERALLY

Sec. 6.15. Authority of city as to merchants' ad valorem taxes.

² **Cross references**-Authority to tax for municipal band, § 2.3; treasurer to act as tax collector, § 3.103.

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The city finance officer may assess, levy and enforce the collection of merchants' ad valorem taxes or may enforce and collect on the assessment made by the county court clerk of Hamilton County, and for the purpose of such collection, shall have and exercise the powers and authority in law vested in, and follow the procedure and methods prescribed for county court clerks and shall have the power and authority to administer oaths; and such taxes shall be a preferred claim of the same dignity as state taxes. (Priv. Acts 1935, Ch. 647, § 3; Ord. No. 10742, § 1(1), 8-18-98)

(Paragraph 13b of the Amended Plan appended to the Agreed Order, dated 1-18-90, in the case of Brown v. Board of Commissioners, U.S.D.C., No. CIV-1-87-388)

Sec. 6.16. Authority of city as to license taxes on privileges, businesses, occupations, etc.

The city council of said city, may, by ordinance, impose license taxes on any and all privileges, businesses, occupations, vocations, pursuits, trades or calling, or on any class thereof, now or hereafter subject to such taxation under the laws of the State of Tennessee. (Priv. Acts 1935, Ch. 647, § 4)

(Paragraph 4 of the Amended Plan appended to the Agreed Order, dated 1-18-90, in the case of Brown v. Board of Commissioners, U.S.D.C., No. CIV-1-87-388)

Sec. 6.17. Designation of due date of taxes.

Taxes on property and privileges shall become due and payable to such officers and at such times as the city council may, by ordinance or resolution, designate, and also provide the date such taxes shall become delinquent. (Priv. Acts 1935, Ch. 647, § 5)

(Paragraph 4 of the Amended Plan appended to the Agreed Order, dated 1-18-90, in the case of Brown v. Board of Commissioners, U.S.D.C., No. CIV-1-87-388)

Sec. 6.18. Penalties for non-payment of taxes.

In order to enforce the collection of taxes when due, the City Council is empowered, by ordinance, to affix both interest and penalty for the non-payment of taxes when due, provided that the rate of interest shall not exceed the legal rate of interest. The interest and penalty shall be paid to the City Treasurer and Tax Collector at the same time the taxes are paid. Nothing herein shall preclude the imposition of such additional collection fees, penalties, and costs as may be authorized by law if the delinquent taxes are placed in the hands of an attorney for collection or if any legal proceeding is instituted to collect such taxes. (Priv. Acts 1935, Ch. 674, § 5; Ord. No. 11307, §1, 08-20-02)

(Paragraph 4 of the Amended Plan appended to the Agreed Order, dated 1-18-90, in the case of Brown v. Board of Commissioners, U.S.D.C., No. CIV-1-87-388)

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Sec. 6.19. Distress warrants.

The city finance officer and city treasurer and tax collector shall have power to issue distress warrants and alias pluries distress warrants in the name of the City of Chattanooga to enforce the collection of privileges, merchants' ad valorem and property taxes, respectively, and such warrants when issued may be served by a police officer, constable, sheriff or such other person as may be designated by the city council. Such distress warrants shall be ample authority for the officer having same to distrain and sell a sufficient amount of the personal property of any delinquent taxpayer to satisfy his taxes, interest, penalties and costs. Such officer to whom the distress warrants are delivered may proceed against said delinquent taxpayers by garnishment proceedings, returnable before the General Sessions Court, the Circuit Court, or the Chancery Court of Hamilton County. The officer for each collection made under such warrant in case of a levy or garnishment shall receive the same fees as allowed by law for collecting under execution and garnishment, the same to be taxed as a part of the cost of collection and to be paid by the delinquent taxpayer; provided, however, that the issuance and return nulla bona of a distress warrant shall not be a condition precedent to the filing and maintaining of a bill to enforce the tax lien. Ten days' notice of the time and place of the sale of personalty shall be given by advertisement placed in three (3) public places in the city, one of which shall be in the ward in which the property is located and one in the lobby of the municipal building. (Priv. Acts 1935, Ch. 647, § 6; Ord. No. 11307, §1, 08-20-02)

(Paragraphs 4 and 13b of the Amended Plan appended to the Agreed Order, dated 1-18-90, in the case of Brown v. Board of Commissioners, U.S.D.C., No. CIV-1-87-388)

Sec. 6.20. Exemption of islands and towheads from taxation.

All islands or towheads now included either in part or in full within the corporate limits of the City of Chattanooga, in the County of Hamilton, shall be exempt from city or municipal tax so long as said lands are used for agricultural purposes only, and when so used for agricultural purposes alone, then they shall be subject to taxation the same as other farming lands lying outside the city limits and adjacent thereto. But should said islands or towheads at any time be converted into any purpose for city improvement, then said lands so used shall be subject to city or municipal tax. (Priv. Acts 1887, Ch. 173, § 1)

Secs. 6.21 -- 6.25. Reserved.

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ARTICLE 2. DELINQUENT TAXES

Sec. 6.26. Taxes lien on property.

Assessed taxes on realty shall be and remain a lien on the property until the same are paid, and such lien may after return of nulla bona, be enforced as other liens. (Priv. Acts 1919, Ch. 548, § 2)

Sec. 6.27. Publication of delinquent tax notice.

At least thirty (30) days prior to filing suit to collect delinquent ad valorem taxes, the City Treasurer and Tax Collector shall cause to be published in a daily newspaper published in the City of Chattanooga a notice substantial in the following form:

“WARNING TO DELINQUENT
TAXPAYERS.

On _____(date), unpaid city real estate taxes will be placed in the hands of delinquent tax attorney for collection by legal proceedings. On said date, an additional penalty of ten percent (10%) will be imposed on the gross amount of taxes, interest and penalties, as now provided by law. Delinquent taxes may be paid at my office prior to _____(date) without the afore-mentioned additional penalty.

City Treasurer

(Priv. Acts 1933, Ch. 640, § 2; Priv. Acts 1967, Ch. 170, § 1; Ord. No. 11307, §1, 08-20-02)

Sec. 6.28. Publication of Delinquent Tax Notice.

After publication of a notice as required by Section 6.27, the City Treasurer and Tax Collector shall furnish the Delinquent Tax Attorney a list showing the unpaid real estate taxes for said year, and it shall be the duty of said attorney to prepare and file suit in the Chancery or Circuit Court of Hamilton County for collection of said delinquent taxes by enforcing the lien of such taxes, such lien being hereby declared to be subordinate only to the lien of state and county taxes in lien of a abutting property and/or improvement district assessments. When the delinquent tax lists are placed in the hands of said attorney, the additional penalty of ten percent (10%) of the gross amount of taxes, interest and penalties due on the date of payment shall be added to the purpose of defraying the cost of collecting

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such delinquent taxes. (Priv. Acts 1933, Ch. 640, § 3; Priv. Acts 1967, Ch. 170, § 2; Ord. No. 11307, §1, 08-20-02)

Sec. 6.29. Filing and prosecution of suits.

(a) The attorney designated by the Mayor shall after file suit in the Circuit or Chancery Court for collection of delinquent land taxes due the City, as well as the interest, penalties and costs attached to and a part of such taxes, which taxes, interest penalties and costs are declared a lien upon the land; and, for enforcement of this lien, suits shall be brought in the name of the City, in its own behalf and for the use and benefit of the state.

(b) The bill shall be in substance and form as other bills of complaint for the enforcement of liens and shall include not less than twenty-five (25) defendants, if that number are delinquent; and the bill (one (1) bill) may be filed against and contain the names of all the delinquent taxpayers in the City, and the fact that the bill contains the names of more than one (1) defendant shall not be considered by the court multifarious, or a misjoinder of parties. Additional defendants may be added to the suit as a matter of right upon the filing of a notice on behalf of the complainant to add additional defendants. Upon the filing of such notice, the additional defendants shall be served with process pursuant to the Rules of Civil Procedure and Tennessee Code Annotated § 67-5-2415.

(c) Suits for the collection of delinquent taxes are to be prosecuted to a conclusion as soon as practicable, and for this purpose proceedings in respect thereto are to be accorded priority by the court. (Priv. Acts 1933, Ch. 640, § 4; Priv. Acts 1967, Ch. 170, § 3; Ord. No. 11307, §1, 08-20-02)

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Sec. 6.30. Authority of courts relative to title to real property; evidence of certain facts; and procedure.

(a) The court in which such proceedings are filed shall be vested with the authority to render judgments and decrees divesting and vesting title and ordering writs of possession for the purpose of placing the purchaser of such property in possession thereof, and after the time for redemption, hereinafter fixed, shall have expired the court in which said cause is heard shall divest out of the defendants all their interest in such real estate so sold for delinquent taxes and vest in the purchaser of such land at such sale absolute title to the property in fee simple, subject only to unpaid state and county taxes, unpaid street improvement assessments, and such other taxes and/or assessments as by law may be prior or paramount to the lien for municipal taxes. A duly certified copy of the final decree of the court vesting title in the purchaser of said land at such tax sale shall be entitled to record as other conveyances of land under the laws of this state, and shall be *prima facie* evidence that the property was subject to the tax assessed and that the assessment was made in the manner required by law; that the taxes were not paid before the entry of the final decree of sale; that the grantee named in the final decree was the purchaser of his assignee; that the sale was conducted in the manner required by law; that the property had not been redeemed from sale; and no such conveyance shall be invalidated in any court except upon satisfactory proof that the land was not liable to sale for taxes, or that the taxes for which the land was sold had been paid before said sale, and, if any part of the taxes for which said land was sold was not legally chargeable against such land, that fact shall not affect the sale or invalidate the conveyance unless it appears to the court that, before the sale, the amount legally chargeable against the land was paid or tendered to the clerk of the court, and no other objection to the sale of the title thereunder shall be valid in any controversy involving the same.

(b) Any person who buys real estate at a sale for delinquent taxes which were a lien thereon, and who, for any cause shall fail to receive a good title or obtain possession of said land, shall be subrogated to all liens which secured the taxes, interest, penalties, fees and costs, and shall have the right to enforce the same at law or in equity for reimbursement of all sums paid by him for said land and all improvements placed thereon by him; and the chancery court shall have jurisdiction of such cause, even though the amount sued for be less than fifty dollars (\$50.00).

(c) The procedure for collecting municipal taxes shall be the same as now provided for the collection set forth in Tennessee Code Annotated §§ 67-5-2405, 67-5-2410, 67-5-2411, and 67-5-2414 through 67-5-2421. (Priv. Acts 1933, Ch. 640, § 5; Ord. No. 11307, §1, 08-20-02)

Sec. 6.31. Deleted (Ord. No. 11307, §1, 08-20-02).

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Sec. 6.32. City may purchase property at tax sales.

(a) The City of Chattanooga is authorized and empowered to bid at such sale the amount of taxes, interest, penalties and costs, and if such property is purchased by such municipality, the title of such municipality thereto shall be in fee simple, and the municipality shall have full right and power to sell or lease such real estate and execute conveyance thereof.

(b) If the city council determines that environmental risk are such that it is not in the best interest of the city for a minimum bid to be offered at this tax sale, the clerk shall not offer a bid on the property at tax sale. In such event, the delinquent tax attorney shall use other procedures authorized by law to collect the tax from the owner. (Priv. Acts 1933, Ch. 640, § 7; Ord. No. 11307, §1, 08-20-02)

Sec. 6.33. Deleted (Ord. No. 11307, §1, 08-20-02)

Sec. 6.34. Appointment of receivers for income producing property upon which taxes are delinquent.

Wherever property involved in tax suits is producing an income and no substantial part of such income is being applied to the payment of delinquent taxes on such property, the court in which any tax suit is pending is authorized to and shall appoint receivers to take charge of the property in question and collect the rents and profits thereon to the end that such rents and profits, after paying the receiver reasonable compensation, shall be applied to the delinquent taxes, penalties, interest and costs, and upon the payment of all taxes, interest, penalties and costs involved in said cause such receivers shall be discharged. (Priv. Acts 1933, Ch. 640, § 9)

Sec. 6.35. Delinquent tax attorney-Appointment.

The Mayor shall appoint some practicing attorney or attorneys as Delinquent Tax Attorney(s) who shall proceed with the collection of delinquent taxes as provided by the provisions of this article and applicable laws. (Priv. Acts 1933, Ch. 640, § 11; Priv. Acts 1967, Ch. 170, § 4; Ord. No. 11307, §1, 08-20-02)

Sec. 6.36. Same – May also collect delinquent personalty taxes, other taxes, and assessments.

Delinquent paving assessments and/or improvement assessments, delinquent personalty taxes, or other delinquent taxes may be turned over to the delinquent tax attorney at any date, at the discretion of the mayor, and suit shall be filed thereon as now provided by law, and when said delinquent paving and/or improvement assessments, personalty taxes, or other taxes are delivered to the delinquent tax attorney a penalty of ten percent (10%) shall be

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added to defray the cost of collection. (Priv. Acts 1933, Ch. 640, § 10; Ord. No. 11307, §1, 08-20-02)

Sec. 6.37. Same-Authority of mayor to withdraw tax, etc., collections from attorney if collections not made within five years.

If delinquent ad valorem taxes or delinquent special benefit assessments heretofore or hereafter turned over by the mayor to an attorney for collection are not collected or the property against which such taxes and benefits are assessed sold for such taxes or benefit assessments within a period of five (5) years from the date they are turned over to such attorney, the mayor shall have authority to recall and withdraw such tax collections from the attorney, and such attorney shall forfeit all rights to fees or commissions that he has for the filing of suits against property for the collection of such taxes or benefit assessments. The attorney shall deliver to the mayor upon demand any and all records that he may have with reference to such taxes and benefit assessments, and the mayor thereafter may appoint another attorney to collect the taxes and benefit assessments or to sell the property for such taxes or benefit assessments who shall be entitled to all fees or commissions on all taxes or benefit assessments collected or on property sold for such taxes or benefit assessments by him. (Priv. Acts 1949, Ch. 760, § 2)

Sec. 6.38. Compensation.

Attorneys to whom delinquent ad valorem taxes, special benefits assessments, or other taxes which may hereafter be turned over for collection shall receive a fee or commission on all such taxes or benefit assessments collected by them. The amount of the fee shall be reached by agreement, provided that the fee shall not exceed the ten percent (10%) penalty charged the delinquent taxpayer. (Priv. Acts 1933, Ch. 640, § 11; Priv. Acts 1949, Ch. 760, § 3; Ord. No. 11307, §1, 08-20-02)

Sec. 6.39 Supplemental powers; legal construction; Interlocal Agreement.

Neither the provisions of this article nor anything herein contained shall be construed as a restriction or a limitation upon any powers which the city might otherwise have under any laws of this state, but shall be construed as cumulative of and supplemental to any such powers. The City Council may provide by ordinance for any supplemental or additional provisions it deems advisable to collect delinquent taxes or to take advantage of or conform to future changes in state laws. Nothing in this article may be construed as limiting the authority of the city to contract with the county trustee to collect both current and delinquent municipal taxes pursuant to an interlocal agreement. (Ord. No. 11307, §1, 08-20-02).

Secs. 6.40 -- 6.43. Reserved.

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ARTICLE 3. PRIVILEGE TAXES³

Division I. Generally

Sec. 6.44. Authority of city generally.

Privileges shall be taxed and collected, as may be provided by city ordinance. (Priv. Acts 1919, Ch. 548)

³ **Cross references**-General authority to levy privilege taxes, § 2.1(2); general licensing authority, § 2.1(15); authority to license amusements, § 2.1(17); authority to license amusement machines, § 2.1(18); licensing of solicitors and handbill distributors, § 2.1(37); authority to impose fee for collection of privilege taxes, § 2.1(38); authority to license lodging establishments, § 2.1(47); authority to license tourist guides, § 2.1(48); authority to license dairies and milk plants, § 2.1(49); authority to license driving ranges and archeries, § 2.1(53); authority to license boat dealers and fee therefor, § 2.1(54); privilege tax on vehicles, § 2.11; authority to license electricians, § 9.1; authority to provide for licensing of plumbers, § 9.2.

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Division II. Alcoholic Beverages Sold at Retail

Sec. 6.45. Definitions.

The term "alcoholic beverages" used in this Act [division] shall include whiskey, wine, rum, gin and all other alcoholic beverages as defined by the provisions of Chapter No. 49, Public Acts of Tennessee for the year, 1939 [T.C.A. § 57-3-101 et seq.].

The term "person" as used in this Act [division] shall include individuals, partnerships, corporations and associations. (Priv. Acts 1949, Ch. 761, § 3)

Sec. 6.46. Three per cent tax levied.

For the purpose of providing additional revenue for the City of Chattanooga, there is hereby levied a privilege tax of three per cent (3%) on the amount paid for alcoholic beverages sold at retail in said city. This privilege tax shall apply to sales or gifts of alcoholic beverages, except sales made by wholesalers to retailers for resale. (Priv. Acts 1949, Ch. 761, § 2; Priv. Acts 1961, Ch. 398, § 1)

Sec. 6.47. Return and collection of tax.

Every person selling alcoholic beverages at retail shall collect from the purchaser thereof the tax imposed by this Act [division] and hold the same in a separate fund until paid to the city. Every such person shall, on or before the tenth day of each month after the effective date of this Act [division], make a return in duplicate, under oath, to the city treasurer, showing the amount of tax collected during the preceding calendar month, together with such other facts and information as the city treasurer may reasonably require for the verification of the tax due. Said return shall be made on a form provided by the city.

Every person making a return shall, at the time of making same, pay the amount of tax shown thereby to the city treasurer. If the tax imposed by this Act [division] is not paid when due, there shall be added as a part of the tax interest and penalty of two per cent (2%) per month from the time the tax becomes due until paid. (Priv. Acts 1949, Ch. 761, § 4)

Sec. 6.48. Personal liability for failure to collect taxes.

Any person who shall neglect, fail or refuse to collect the tax herein levied upon all retail sales or gifts of alcoholic beverages made by him, his agents or employees shall be liable for the full amount of the tax which should have been collected, and shall pay the tax himself. (Priv. Acts 1949, Ch. 761, § 5)

Sec. 6.49. Investigation of records of persons collecting tax; deficiency assessments.

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The city treasurer is authorized, if not satisfied with the correctness of any return or payment thereunder, to make an investigation of the books and records of any person charged with the collection of the tax hereunder, and, upon discovery of any discrepancy in the return or payment, is authorized to make a deficiency assessment against such person. (Priv. Acts 1949, Ch. 761, § 5)

Sec. 6.50. Records to be available to city treasurer; preservation of records.

Any person charged with the collection of the tax hereby levied shall make all his books and records available to the city treasurer, or his agents, at all reasonable times and shall keep all invoices and records of sales and purchases of alcoholic beverages for a period of not less than two (2) years, unless sooner authorized to destroy them by the city treasurer. (Priv. Acts 1949, Ch. 761, § 5)

Sec. 6.51. Enforcement powers of city treasurer.

For the purpose of enforcing the payment of the tax due hereunder the city treasurer is hereby given, and may avail himself of the process of distraint provided in the case of other tax delinquencies. (Priv. Acts 1949, Ch. 761, § 4)

Sec. 6.52. Additional rules, etc., may be adopted by city.

Said city may, by ordinance, make rules and regulations for the enforcement of this Act [division], and impose penalties for the violation of its provisions and for the collection of the tax herein levied. (Priv. Acts 1949, Ch. 761, § 6)

Secs. 6.53 -- 6.65. Reserved.

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ARTICLE 4. PROPERTY TAXES⁴

Sec. 6.66. City to use property valuation of county tax assessor.

For the purpose of fixing and determining the valuation for tax purposes of real and personal property within the City of Chattanooga, Tennessee, the valuation of said property as assessed by the tax assessor of Hamilton County, Tennessee, shall govern, and the valuation assessed by said tax assessor, and no other valuation, shall be the valuation upon which the said city may assess, levy and collect taxes on real and personal property within said city. (Priv. Acts 1945, Ch. 553, § 3)

Sec. 6.67. Correction of assessments.

The mayor and city council of the city are empowered to provide, by ordinance, for correction of erroneous assessments and for any defects in its assessments. (Priv. Acts 1919, Ch. 548)

(Paragraph 4 of the Amended Plan appended to the Agreed Order, dated 1-18-90, in the case of Brown v. Board of Commissioners, U.S.D.C., No. CIV-1-87-388)

⁴ **Cross references**-General authority to levy and collect property taxes, § 2.1(1); duty of assessor to make property tax assessments, § 3.77.

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Sec. 6.68. Reductions of assessments.

The mayor and city council shall have the power to grant reductions of assessments, but not for a longer term than three (3) years prior to the application for reduction. (Priv. Acts 1919, Ch. 548)

(Paragraph 4 of the Amended Plan appended to the Agreed Order, dated 1-18-90, in the case of Brown v. Board of Commissioners, U.S.D.C., No. CIV-1-87-388)

Sec. 6.69. Back assessments of property omitted from assessment lists.

Property omitted from the assessment lists may be assessed by the collector in office for a period running back not longer than three (3) years. (Priv. Acts 1919, Ch. 548)

Secs. 6.70 -- 6.79. Reserved.

CHAPTER III. BUDGET⁵

Sec. 6.80. Annual budget not to exceed estimated revenue except in cases of extraordinary emergencies.

It shall be the duty of the mayor and city council elected under this act to prepare and pass an annual budget each year. The budget for the ordinary and extraordinary expenses of said city for any one year shall not exceed the estimated amount of revenue to be collected for said year; and in no event shall there be appropriated by the city council any sum or sums in excess of the estimated revenues of said city, for the fiscal year in which said appropriation is made. Provided, however, said city council may, in extraordinary emergencies such as floods, epidemics, or destructive fires, make appropriations in excess of the estimated revenue when the public health, safety and welfare demand same. (Priv. Acts 1911, Ch. 10, § 19; Priv. Acts 1911, Ch. 621; Priv. Acts 1917, Ch. 42, § 9)

(Paragraphs 4 and 33 of the Amended Plan appended to the Agreed Order, dated 1-18-90, in the case of Brown v. Board of Commissioners, U.S.D.C., No. CIV-1-87-388)

Secs. 6.81 -- 6.90. Reserved.

⁵ Cross reference-Budgets of planning commission, § 12.10.

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CHAPTER IV. APPROPRIATIONS⁶

Sec. 6.91. Levy and appropriations for departments.

In fixing the annual tax rate the ordinance shall designate what proportion of the total rate is levied for the police department, for the fire department, for streets and sewers, for school purposes, for lights, for official salaries, for judgments and costs, for interest and sinking fund, for claims, for health and hospitals, for rent, for water, for public buildings, for park commission, for general and miscellany purposes, and for such other purpose or purposes as may require an appropriation for the ensuing year, respectively; and the annual appropriation ordinance shall apportion the tax to be derived therefrom accordingly. It is not intended, however, that it shall be obligatory upon the city council to make a levy and appropriation for all the purposes above enumerated, but only for such as may be necessary, in its judgment. In fixing the levy for the various purposes two (2) or more purposes may be grouped together and a certain proportion of the total rate levied for the combined purpose, provided that the appropriation ordinance shall divide the fund to be derived therefrom among the several purposes embraced therein. It shall not be lawful to use any funds appropriated to one purpose for any other unless the same shall have been previously directed by ordinance. In making appropriations for the various departments the city council shall not be bound by the estimates submitted by the officer or board in charge of such departments, but shall appropriate only as much as it shall deem necessary, provided it shall be unlawful for the city council to withhold a reasonable appropriation for such boards [departments]. It shall not be lawful to expend in any year a greater amount in any department than shall have been appropriated for that department. (Priv. Acts 1901, Ch. 432, § 15; Priv. Acts 1911, Ch. 10, § 13)

(Paragraph 4 of the Amended Plan appended to the Agreed Order, dated 1-18-90, in the case of Brown v. Board of Commissioners, U.S.D.C., No. CIV-1-87-388)

⁶ **Cross reference**-General authority to make appropriations, § 2.1(3).

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Sec. 6.92. Youth concerts.

The city council of said city is authorized to appropriate funds to the Chattanooga Symphony Orchestra for the purpose of furnishing youth concerts to the children of Chattanooga, Tennessee, and the surrounding territory, which concerts are to be offered free of charge, and which program shall be carried out in cooperation with the music teachers of said city schools and with its board of education and for the general purpose of advancing the study and appreciation of music. (Priv. Acts 1951, Ch. 526, § 1)

(Paragraph 4 of the Amended Plan appended to the Agreed Order, dated 1-18-90, in the case of Brown v. Board of Commissioners, U.S.D.C., No. CIV-1-87-388)

Cross reference-Authority to support municipal ban, § 2.3.

Sec. 6.93. Farmers' institute-Appropriation.

The City of Chattanooga, Tennessee, and Hamilton County, Tennessee, be, and the same are hereby authorized to appropriate annually out of their respective general funds not otherwise appropriated a sum not to exceed two thousand dollars (\$2,000.00) per annum, to be expended under the authority of the body hereinafter created, for the purpose of conducting in Chattanooga, Hamilton County, Tennessee, a farmer's institute or assembly, continuing and expanding the farmer's institute hitherto conducted by the Chattanooga Kiwanis Club, for the instruction and entertainment of the farmers residing within a radius of one hundred fifty (150) miles from the City of Chattanooga, Tennessee, all to the end that the farmers residing in such district may be enabled and induced to raise more and better products and to better market the same and for their general instruction and improvement and general advancement, and in particular, to market their produce in the City of Chattanooga, Tennessee, and contiguous territory and to trade with the merchants residing in said city and county. (Priv. Acts 1931, Ch. 766, § 1)

Sec. 6.94. Same-Chattanooga and Hamilton County Farmers' Institute Commission.

Said funds shall be expended under the exclusive control and direction of a commission to be known as the Chattanooga and Hamilton County Farmers' Institute Commission. Said commission shall be composed of six (6) members, all of whom shall be residents of Hamilton County, Tennessee, shall be not less than twenty-one (21) years of age and of good moral character. Three (3) of said commissioners shall be appointed by the mayor of the City of Chattanooga, Tennessee, and three (3) of said commissioners shall be appointed by the county executive of Hamilton County, Tennessee. They shall serve for a period of one year, or until their successors are duly appointed and qualified. They shall serve without compensation. (Priv. Acts 1931, Ch. 766, § 2)

Sec. 6.95. Same-Purposes of institute and commission.

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Said commission shall expend the funds herein provided for, in such way as shall seem to them best for the carrying out of the purposes of this Act, to wit: The instruction, encouragement and entertainment of the farmers within the territory above set out and for the promotion of trade with the merchants residing in the City of Chattanooga, Tennessee, and Hamilton County and for a better spirit of cooperation between the citizens of Chattanooga and Hamilton County, Tennessee, and the farmers residing within the territory above set out. (Priv. Acts 1931, Ch. 766, § 3)

Sec. 6.96. Appropriations for legislative delegations.

The city council may, by resolution, appropriate from the general fund monies to be expended for the purpose of facilitating the operations of the Hamilton County delegations in the general assemblies of the State of Tennessee, through the acquisition of space for headquarters, professional and clerical assistance and other necessary expenses. (Priv. Acts 1963, Ch. 5, § 1)

(Paragraph 4 of the Amended Plan appended to the Agreed Order, dated 1-18-90, in the case of Brown v. Board of Commissioners, U.S.D.C., No. CIV-1-87-388)

Secs. 6.97 -- 6.106. Reserved.

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CHAPTER V. BORROWING POWER OF CITY⁷

ARTICLE 1. GENERALLY

Sec. 6.107. General debt limit.

Hereafter no bonds shall be issued by the City of Chattanooga in such an aggregate amount as will create or increase the total bonded indebtedness of said city more than ten per cent (10%) of the assessed valuation for the preceding year of all taxable property in said city.

⁷ **Cross references**-Borrowing for public works and improvements generally, Title 15; general authority to provide for payment of debts, § 2.1(3); bonds for electrical system, § 10.3 et seq.; issuance of bonds for water and gas systems, § 14.2 et seq.; issuance of bonds for sewer improvements, § 15.20 et seq.

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Provided, that bonds payable out of funds derived from special assessments for public improvements or bonds payable wholly from revenue derived from the operation of any utility owned or controlled by the city and the amount in the sinking fund shall be deducted in computing the amount of the net bonded debt of said city. Provided, further, that the provisions of this Act [section] shall not apply to refunding bonds issued for the purpose of paying or to be exchanged for outstanding bonds of the city, or to bonds issued for funding any floating indebtedness of said city now outstanding. (Priv. Acts 1941, Ch. 251, § 1)

Secs. 6.108 -- 6.112. Reserved.

ARTICLE 2. REVENUE ANTICIPATION NOTES

Sec. 6.113. Authorized.

The city council of said city shall have the power to issue, from time to time, revenue bonds or notes bearing interest at not more six per cent (6%) per annum, and maturing not more than one year from their date for the purpose of providing funds in anticipation of revenue for ordinary municipal purposes. (Priv. Acts 1921, Ch. 791, § 1)

(Paragraph 4 of the Amended Plan appended to the Agreed Order, dated 1-18-90, in the case of Brown v. Board of Commissioners, U.S.D.C., No. CIV-1-87-388)

Sec. 6.114. Authority to issue bonds, notes to repay.

The city council of the city shall have the power to issue refunding bonds or notes, with like limitations, upon interest and maturity, where the latter shall be necessary to provide for the payment of any such revenue notes or bonds at their maturity. (Priv. Acts 1921, Ch. 791, § 1)

(Paragraph 4 of the Amended Plan appended to the Agreed Order, dated 1-18-90, in the case of Brown v. Board of Commissioners, U.S.D.C., No. CIV-1-87-388)

Sec. 6.115. Limitation on outstanding notes.

The aggregate amount of such revenue notes or bonds at any time outstanding shall not exceed ninety per cent (90%) of the amount of the last preceding ad valorem tax levy for ordinary municipal purposes. (Priv. Acts 1921, Ch. 791, § 1)

Sec. 6.116. Sale of notes or bonds.

Such notes or bonds shall be sold by the city council in such manner and upon such terms as they may elect, but shall not be sold at less than par except by a vote of at least six (6) members of said city council, and then at a price not less than ninety-nine dollars (\$99.00) on the one hundred dollars (\$100.00). (Priv. Acts 1921, Ch. 791, § 1)

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(Paragraph 4 and §21 of Order of the Amended Plan appended to the Agreed Order, dated 1-18-90, in the case of Brown v. Board of Commissioners, U.S.D.C., No. CIV-1-87-388)

Sec. 6.117. Proceeds of revenue notes or bonds.

The proceeds of said revenue bonds or notes shall be paid into the treasury of the city to the credit of the general fund. (Priv. Acts 1921, Ch. 791, § 1)

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Sec. 6.118. Proceeds of refunding bonds to refund revenue notes.

The proceeds of such refunding bonds or notes shall be applied solely to the payment of the revenue bonds or notes for whose retirement they shall be issued; for the payment of such revenue and refunding bonds and notes and the interest thereon at such place or places in the City of Chattanooga, or elsewhere, as may be designated by the city council. (Priv. Acts 1921, Ch. 791, § 1)

(Paragraph 4 of the Amended Plan appended to the Agreed Order, dated 1-18-90, in the case of Brown v. Board of Commissioners, U.S.D.C., No. CIV-1-87-388)

Sec. 6.119. Tax levy for payment of notes and bonds.

Said city council is hereby authorized to levy sufficient taxes upon all of the taxable property of said city over and above all other taxes authorized by law, and the said notes or bonds shall be the absolute, direct and general obligations of the City of Chattanooga; and no such refunding bonds or notes shall be issued, unless, in the resolution or ordinance authorizing their issuance, provision is made for the levy and collection of a tax, at the time of the next regular city tax levy, sufficient for the payment of the principal and interest thereof. (Priv. Acts 1921, Ch. 791, § 1) (Paragraph 4 of the Amended Plan appended to the Agreed Order, dated 1-18-90, in the case of Brown v. Board of Commissioners, U.S.D.C., No. CIV-1-87-388)

Sec. 6.120. Issuance may be authorized by ordinance or resolution of council.

Any resolution or ordinance providing the issuance of any of such bonds or notes, shall be valid when passed by the city council, and the provisions of Chapter No. 15 of the Private Acts of 1911, being an act entitled "An Act to Amend the Charter of the City of Chattanooga, and All Acts Amendatory Thereof" [sections 11.24 and 11.25 of this compilation] shall not apply to any such bonds or notes. (Priv. Acts 1921, Ch. 791, § 1)

(Paragraph 4 of the Amended Plan appended to the Agreed Order, dated 1-18-90, in the case of Brown v. Board of Commissioners, U.S.D.C., No. CIV-1-87-388)

Sec. 6.121. No sinking fund to be created.

Chapter 59 of the Acts of 1873, entitled "An Act to provide for the issuance of bonds by cities," insofar as it provides for sinking funds and sinking fund trustees, shall not apply to any such bonds or notes, it being the purpose of this provision to eliminate any of the provisions of the law requiring the creation of sinking funds in connection with the issuance of the bonds and notes herein authorized. (Priv. Acts 1921, Ch. 791, § 1)

Sec. 6.122 -- 6.126. Reserved.

ARTICLE 3. REFUNDING BONDS

Sec. 6.127. 1965 Act.

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The City of Chattanooga, acting by and through the governing body of said city, be, and it is hereby authorized and empowered, by resolution, to issue and sell bonds to refund any or all bonds or other obligations (hereinafter referred to as "bonds") heretofore or hereafter issued or lawfully assumed by the city pursuant to this charter or any section or chapter of the Tennessee Code or any other general or special law or charter and to provide for the rights of the holders thereof and to secure such bonds as provided in this chapter [section]. Such bonds may be general obligation bonds payable from ad valorem taxes without limitations as to rate or amount or revenue bonds payable from the income and revenues derived from any revenue producing utility, undertaking or enterprise which the city is authorized by this charter or any other general or special law or charter to construct or acquire. Such general obligation bonds may be issued to refund outstanding revenue bonds or general obligation bonds and such revenue bonds may be issued to refund outstanding general obligation bonds or revenue bonds. Refunding bonds shall not be issued at an average rate of interest to the average maturity date greater than the average rate of interest to the average maturity date borne by the bonds to be refunded. The resolution of the governing body authorizing such refunding bonds shall not be subject to any provisions of this charter or any section or chapter of any general or special law requiring publication of resolutions or election proceedings regardless of whether such refunding bonds shall be payable from ad valorem taxes without limitation of rate or amount or be payable solely from revenues or a combination of such taxes and revenues. No referendum shall be required for the issuance and sale of any refunding bonds authorized under this Act [section]. Such refunding bonds may be issued in an amount sufficient to pay (a) the principal of the outstanding bonds or other obligations to be refunded (hereinafter referred to as "outstanding bonds"), (b) the redemption premium, if any, on such outstanding bonds on the prior redemption thereof, (c) the interest due and payable on such outstanding bonds to and including the first date upon which said outstanding bonds are callable prior to maturity, or the dates upon which the principal of said bonds matures before the same are callable prior to maturity, including any interest theretofore accrued and unpaid; and (d) any expenses of the issuance and sale of said refunding bonds, including the creation of initial debt service reserve funds, fees of financial advisers and discount, if any, on the sale of said refunding bonds. Such refunding bonds shall not be issued to refund such principal and interest maturing or subject to prior redemption later than the first date on which such outstanding bonds are callable prior to maturity or ten (10) years from the date of issuance of the refunding bonds, whichever is earlier; provided, however, that if more than one issue of outstanding bonds are being refunded by one issue of refunding bonds and the first call dates on such different issues are different for such outstanding bonds, such refunding bonds may be issued to refund the principal, interest and premium due or subject to prior redemption on said outstanding bonds to the last first date on which any of such outstanding bonds are redeemable prior to maturity, but not exceeding in any event ten (10) years from the date of issuance of such refunding bonds. Any moneys in the sinking or reserve funds, or other funds for such outstanding bonds, may be used for the purposes stated in (a), (b), (c), and (d) above or may be deposited in a sinking fund or reserve fund, or other funds for the refunding bonds, to be issued or may be withdrawn by the city from such funds and used by the city for the same purpose for which such outstanding bonds were issued. A sufficient amount of the proceeds of said refunding bonds for the payment of the principal, interest and redemption premium on said outstanding bonds which will not be due and payable immediately shall be deposited in trust for the purpose of making such payments in a bank or trust company at which such outstanding bonds are payable, or in a bank or trust company in New York City or Chicago or Chattanooga having an aggregate capital and surplus of not less than ten million dollars

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(\$10,000,000.00). Any moneys in such trust fund, prior to the date such funds will be needed for the payment of principal, interest and redemption premiums on such outstanding bonds may be invested and reinvested in direct obligations of the United States or in time deposits evidenced by certificates of deposit in the bank or trust company holding such trust fund, which time deposits shall be fully secured by direct obligations of the United States of America which shall be deposited with the municipality or a depository other than such bank or trust company. Any income or earnings derived from the investments and reinvestments of the moneys in such trust fund and not required for the payment of the principal, interest and redemption premiums on said outstanding bonds at the time or times such principal, interest and redemption premiums shall become due and payable may, in the discretion of the city be withdrawn by the city from such trust fund and used by the city for payment of the principal and interest on the refunding bonds authorized under this Act [section]. Such refunding bonds, notwithstanding any other provisions to the contrary contained in this charter or any other law or laws, may be exchanged with the holders of said outstanding bonds or sold at a private or public sale, at such price or prices which will yield to the holders of said refunding bonds interest to the average maturity dates thereof at a rate not exceeding the legal rate of interest, computed according to standard tables of bond values and interest yields, and under such other terms and conditions as the governing body of the city shall determine. The provisions contained in this Act [section] shall constitute additional, alternative and complete authority for the issuance of refunding bonds, and shall not be deemed to repeal, supersede or amend any other law or laws for the issuance of refunding bonds by the city; but in the issuance of refunding bonds under this Act [Section] the city shall be required to comply only with the provisions of this act [section] and shall not be required to comply with any provisions of any other law or laws inconsistent with the provisions of this Act [section]. (Priv. Acts 1965, Ch. 206, § 1)

Sec. 6.128. 1941 Act.

(1) The city council of the City of Chattanooga is hereby authorized to issue bonds of said city for the purpose of funding or refunding any or all bonds, notes or other indebtedness, due or to become due at any time hereafter, of said city, or of the municipalities heretofore annexed thereto, whether said city created such indebtedness or assumed or became liable therefor, and to pledge the full faith and credit of the City of Chattanooga to the payment of such funding or refunding bonds and the interest thereon. The terms bonds, notes or other indebtedness referred to above shall include, but not be limited to, any bonds, notes or other evidences of indebtedness heretofore issued by the City of Chattanooga or any of the municipalities heretofore annexed thereto (including any bonds or notes heretofore or hereafter issued to fund, refund or extend the same), and any floating or other indebtedness of said city, or of any of the municipalities heretofore annexed thereto, including but not being limited to, the reimbursement of any funds of the city for moneys transferred from such funds of the city for moneys transferred from such funds to other funds, contract indebtedness, or unpaid bills, claims or commitments, and shall also include the expense of the issuance of such funding or refunding bonds and any amounts necessary for interest adjustments on the sale or exchange of such funding or refunding bonds.

(2) The city council of said city shall have full authority by resolution to carry out all powers conferred by this Act [section]. Such resolution or resolutions may be finally adopted on one reading at the meeting of the city council at which it or they are introduced, and need not be advertised or published, and shall become effective immediately upon its or their passage. Said council shall, by resolution, determine the rate or rates of interest to be

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paid on said funding or refunding bonds, not exceeding six per centum (6%) per annum, and the time or times of payment of such interest, which time or times may be annually, semi-annually, monthly or for a shorter period, and the maturity or maturities of such funding or refunding bonds, which shall be at a time or times not exceeding forty (40) years from the date of such bonds, and shall likewise determine the form of the bonds and the place or places in Tennessee, or any other state, at which the principal and interest shall be payable. The bonds shall be signed by the mayor of the said city and countersigned by the city finance officer, and the interest coupons may bear the printed or lithographed facsimile signatures of said officers. In case any of the officers whose signatures appear on the bonds or coupons shall cease to be such officers before the delivery of such bonds, such signatures shall nevertheless be valid and sufficient for all purposes, the same as if they had remained in office until such delivery.

(3) Such funding or refunding bonds may be exchanged, without or after public offering, for not less than an equal amount of indebtedness to be retired thereby, including indebtedness not matured, if the unmatured indebtedness be then redeemable, or the holders thereof be willing to surrender the same for retirement. Any of such bonds to fund or refund any bonds, notes or other indebtedness due or to become due within one year from the date of the sale thereof, or any bonds, notes or other indebtedness maturing at any time thereafter, if such unmatured bonds, notes or other indebtedness be then redeemable, or if the holders thereof have consented to surrender to the same for retirement, or to pay the expenses of the issuance of such funding or refunding bonds as defined herein, or to pay any interest adjustments upon the issuance of such funding or refunding bonds either sold or exchanged as authorized herein, may be sold at either private sale without or after public offering, or upon such notice invite bids as the city council may prescribe. The proceeds received from the sale of any of said bonds shall be used by said city to retire and pay such outstanding bonds, notes or other indebtedness and the expense of issuance of such funding or refunding bonds, including commissions, financial, legal, advertising and other expenses, and any interest adjustments necessary upon the sale or exchange of such funding or refunding bonds. Any unmatured bonds, notes or other indebtedness so refunded by the issuance of such funding or refunding bonds shall be cancelled.

(4) The city council of said city in order to better secure the payment of the principal of and interest on said bonds and to obtain a greater marketability for said funding or refunding bonds is hereby authorized to enter into covenants and agreements with the holders of said funding or refunding bonds as follows:

- (a) To pledge to the payment of the principal of and interest on said funding or refunding bonds the collections or proceeds of any taxes uncollected for prior years at the time of the issuance of such funding or refunding bonds, or any delinquent taxes at any time hereafter while any of said bonds are outstanding, subject, however, to any other outstanding pledges of such taxes theretofore made.
- (b) To pledge to the payment of the principal of and interest on such funding or refunding bonds any funds received or to be received by the city from the operation of its electric power system, subject, however, to any outstanding pledges of such funds theretofore made.

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- (c) To enter into agreements with the holders of such funding or refunding bonds to levy in each fiscal year while any of such funding or refunding bonds shall be outstanding taxes upon all taxable property within the said city in an amount sufficient to pay all debt service becoming due in such fiscal year upon said funding or refunding bonds, and if deemed advisable, in addition an amount necessary to pay debt service becoming due in such fiscal year upon any other bonds, notes or other indebtedness heretofore or hereafter issued by said city becoming due in such fiscal year, and all other amounts necessary for the current operations and all other municipal purposes of said city for such fiscal year.
 - (d) To covenant and agree with the holders of such funding or refunding bonds to segregate and hold in trust for the payment of the principal of and interest on such funding or refunding bonds a proportionate part of each separate collection of taxes collected in each fiscal year by said city while any of said funding or refunding bonds are outstanding. In the discretion of said city the covenants and agreements authorized by this subsection (4) of this Section 4 [paragraph (d) of this subsection (4)] may be extended to include any other bonds, notes or other indebtedness of said city heretofore or hereafter issued.
 - (e) To agree with the holders of said funding or refunding bonds that any and all of the covenants and agreements entered into by said city pursuant to this Act [section] shall be valid and binding contracts between the City of Chattanooga and all holders of such funding or refunding bonds and shall be fully enforceable in any court of competent jurisdiction by said bondholders acting collectively or by any single holder of said funding or refunding bonds acting separately.
 - (f) To enter into such covenants or agreements with the holders of such funding or refunding bonds relating to the amount of taxes to be levied in any such fiscal year either for the debt service of such funding or refunding bonds or for other municipal purposes, the creation and maintenance of reserves or sinking funds for the payment of the principal of and interest on such funding or refunding bonds, the amounts and purposes of annual budgets of said city or any other covenants or agreements which said city may deem advisable in order to better secure the holders of such funding or refunding bonds and to obtain a greater marketability therefor.
- (5) In each fiscal year while any of said funding or refunding bonds shall be outstanding there shall be levied upon all taxable property within the city an ad valorem tax without limit as to rate or amount to pay the principal of and interest on said bonds maturing in such fiscal year, and in addition, the principal of and interest on any of such bonds which may have matured prior to such fiscal year and is unpaid; provided, however, that the city council in its discretion may levy in any fiscal year a tax sufficient to pay, in addition to the interest and principal which shall fall due in such fiscal year, or shall be unpaid for any prior fiscal year, any portion of interest and principal which shall fall due in the succeeding fiscal year.
- (6) The city council of said city is hereby authorized to make necessary contracts in connection with the issuance of such funding or refunding bonds and to pay such

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expenses, including commissions, financial, legal, advertising or other expenses as said board may deem reasonable and proper for carrying out the provisions of this Act [section], and may enter into such contracts either before or after the adoption of a resolution or resolutions authorizing the issuance of such funding or refunding bonds.

(7) The issuance of the bonds authorized by this Act [section] shall not be subject to any limitations of indebtedness prescribed by any laws, general or special.

(8) This Act [section] constitutes full authority for the things herein authorized and no proceedings, publications, notices, consents or approvals shall be required for the doing of the things herein authorized except such as are herein prescribed and required.

(9) The authority conferred by this Act [section] may be exercised at any time and the authorization of funding or refunding bonds by one resolution shall not prevent the authorization of additional funding or refunding bonds by subsequent resolution or resolutions. One resolution may provide for the issuance of two (2) or more separate series or classes of funding or refunding bonds, and each series or class may have different terms and provisions from the others, and the bonds of each series or class may bear interest at different rates.

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(10) No bonds issued under authority of this Act [section] shall be subject to taxation by the State of Tennessee or by any county or municipality thereof, and said bonds shall so state in the face thereof.

(11) All bonds or notes now outstanding which have heretofore been issued by the City of Chattanooga or by any municipality heretofore annexed thereto, which bonds or notes have been assumed by said city, are hereby validated and legalized and declared to be valid obligations of said City of Chattanooga, and any and all indebtedness of said city now outstanding or of any municipality heretofore annexed thereto, which indebtedness has been assumed by said city, is hereby validated and legalized and declared to be a valid and outstanding indebtedness of said City of Chattanooga.

(12) When any of said bonds shall have been delivered and paid for at a price of not less than par and accrued interest or exchanged for the bonds, notes or other indebtedness funded or refunded they shall constitute legal, valid, binding and incontestable obligations of the City of Chattanooga, Tennessee, and the resolution authorizing the issuance of such bonds shall recite that said bonds are issued pursuant to the authority of this Act [section]. (Priv. Acts 1941, Ch. 456, §§ 1-12; Ord. No. 10742, § 1(1), 8-18-98)

(Paragraphs 4 and 13b of the Amended Plan appended to the Agreed Order, dated 1-18-90, in the case of Brown v. Board of Commissioners, U.S.D.C., No. CIV-1-87-388)

Secs. 6.129 -- 6.133. Reserved.

ARTICLE 4. HOME RULE BOND ACT

Sec. 6.134. Initiating proceedings.

Upon petition of five hundred (500) or more taxpayers representing an aggregate land assessment of not less than one million dollars (\$1,000,000.00), as fixed by the state board of equalization at the last preceding time at which assessments became final (the fact that they are taxpayers and the aggregate assessment to be certified by the city treasurer) petitioning the city council for the issuance of bonds for some specific, complete and integral project of a municipal nature, or, in lieu of such petition, upon the majority vote of nine (9) of the council members of the City of Chattanooga, proceedings may be initiated for the issuance of bonds for such a project. (Priv. Acts 1949, Ch. 884, § 2)

(Paragraph 4 of the Amended Plan appended to the Agreed Order, dated 1-18-90, in the case of Brown v. Board of Commissioners, U.S.D.C., No. CIV-1-87-388)

Sec. 6.135. Appointment, report of experts on project.

Upon such a petition or such majority action of the council, said council shall employ two (2) experts on the project set forth, one of whom shall be a nonresident of Hamilton County, and neither of whom shall be in the employ of the City [or] of Hamilton County, who shall make an investigation of the immediacy of the necessity for the improvement and the scope thereof, and certify a report to the commission, setting forth therein the facts and findings in regard to the project upon which the certified report is based; such certified report shall remain on file in the office of the city treasurer for public inspection for forty (40) days after a summary thereof is published in two (2) daily newspapers in Chattanooga. (Priv. Acts 1949, Ch. 884, § 3)

(Paragraph 4 of the Amended Plan appended to the Agreed Order, dated 1-18-90, in the case of Brown v. Board of Commissioners, U.S.D.C., No. CIV-1-87-388)

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Sec. 6.136. Authorizing issuance of bonds; when referendum required; result.

If both of such experts report favorably on such project and if during the said forty (40) days no petition requesting a referendum signed by the same number of taxpayers representing the same aggregate sum hereinbefore set out with the certificate stipulated above, is filed, the may, upon the affirmative vote of not less than five (5) members authorize the issuance of bonds; if, however, such a referendum petition is filed, said council may by resolution upon the affirmative vote of not less than five (5) members submit to the vote of the people of the city the question of issuance of bonds and shall provide in such resolution what proportion of voters voting for some specified officer at the last previous election of city officials shall participate in the referendum, a majority of which shall determine the question. (Priv. Acts 1949, Ch. 884, § 4)

(Paragraphs 4 and 21 of the Amended Plan appended to the Agreed Order, dated 1-18-90, in the case of Brown v. Board of Commissioners, U.S.D.C., No. CIV-1-87-388)

Sec. 6.137. Terms of bonds.

All bonds issued under this Act [article] shall mature in annual installments, and the first installment of the principal shall fall due and become payable not later than two (2) years after the date of issue; the sum of principal and interest due in any year after the year of the first payment of the principal shall not exceed the sum of principal and interest due in any previous year by the denomination of a single bond issued. (Priv. Acts 1949, Ch. 884, § 5)

Sec. 6.138. Filing, signing of petitions.

The petitions hereinbefore referred to shall remain at all times prior to the issuance of the bonds which may be issued on file in the office of the city treasurer, and all signatures thereto shall be by the taxpayer, in person, or if a corporation, by an officer thereof, and such signature shall be affixed in such office and in the presence of the treasurer or finance officer of the city or some assistant or deputy. (Priv. Acts 1949, Ch. 884, § 5)

Sec. 6.139. Limitation on amount.

No bond shall be issued under the provisions of this Act [article] which will increase the net bonded debt of said city beyond fifteen per cent (15%) of the assessed valuation of all real property of any character in the city subject to direct taxation as fixed by the state board of equalization at the last preceding time at which assessments became final; the net bonded debt shall be computed by deducting the amount in the sinking fund from the total general bonded debt. (Priv. Acts 1949, Ch. 884, § 5)

Sec. 6.140. Certification of compliance.

Upon a certificate by the mayor that there has been a compliance with the foregoing provisions any bonds issued hereunder shall be valid and binding obligations of said City of Chattanooga. (Priv. Acts 1949, Ch. 884, § 6)

Sec. 6.141. Title; effect on other acts.

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This Act [article] shall be known and designated as the Chattanooga Home Rule Bond Act and shall be effective and enabling to vest the power and authority set forth notwithstanding the provisions of Chapter 667, Private Acts of 1931 (pages 1818 et seq.) and/or Public Acts of 1945, Chapter 183 (pages 616 et seq.) and all laws in conflict with this Act [article] are repealed. (Priv. Acts 1949, Ch. 884, § 7)

Editor's note-Priv. Acts 1931, Ch. 667, is the previous home rule bond act and was superseded by this article. Pub. Acts 1945, Ch. 183 is the Municipal Recovery and Post Ward Aid Act of 1945, T.C.A. Title 6 Chapter 16.

Secs. 6.142 – 6.151. Reserved.

CHAPTER VI. AID TO RAILROADS⁸

Sec. 6.152. Authorized to procure shops for city; maximum amount of aid.

The charter of the City of Chattanooga, be, and the same is hereby so amended so as to authorize it to donate or subscribe aid to any railroad company or corporation operating a line, or lines of railroad, more than a hundred (100) miles in length, and entering said city, for the purpose of inducing or aiding such company or companies to locate their railroad shops or repair shops in said city, or immediately adjacent to the corporate limits; provided, the total amount of all subscriptions or donations hereby authorized for such purposes shall not exceed the sum of two hundred thousand dollars (\$200,000.00). (Pub. Acts 1895, Ch. 133, § 1)

Sec. 6.153. Bond issue-Authorized to pay subscriptions or donations.

If the city council of said city shall agree to or make any such subscription or donation, as above authorized, to any such railroad company, or companies, and the same shall be accepted, according to such terms as the city council shall impose, then said city council shall be authorized to issue bonds to pay said subscription or donations, which shall be payable on or before thirty years after date, and bear interest not exceeding five per cent (5%) per annum. (Priv. Acts 1895, Ch. 133, § 2; Priv. Acts 1911, Ch. 10, § 13)

(Paragraph 4 of the Amended Plan appended to the Agreed Order, dated 1-18-90, in the case of Brown v. Board of Commissioners, U.S.D.C., No. CIV-1-87-388)

Sec. 6.154. Same-Vote of people.

Before said bonds are issued or delivered, the question of making or ratifying such donations or subscriptions shall be submitted to a vote of the qualified voters of said city, at a special election to be held for that purpose, and if at said election three-fourths (3/4) of the votes cast shall be in favor of making said donation or subscription, and the issuance of said bonds, then said bonds may be issued, but if less than three-fourths (3/4) of the votes cast shall be in

⁸ Cross reference-Railroads generally, Title 16.

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favor of said subscription, then the same shall not be issued. At said election those favoring the proposition shall have printed on their ballots the words "For the subscription," and those opposed, the words "Against the subscription." The result of said election shall be certified to said city council by the officers authorized to hold said election. (Pub. Acts 1895, Ch. 133, § 3; Priv. Acts 1911, Ch. 10, § 13)

(Paragraph 4 of the Amended Plan appended to the Agreed Order, dated 1-18-90, in the case of Brown v. Board of Commissioners, U.S.D.C., No. CIV-1-87-388)

Sec. 6.155. Terms and conditions of subscription or donation to be established and settled by ordinance and published.

The said city council is hereby empowered to order by ordinance, a special election on any proposition it may agree to submit, under the authority herein given, and appoint all proper officers for holding the same at each of the usual places for voting within the city; provided, that before said election is held, the city council shall, by ordinance, agree upon the terms and conditions of said donations or subscriptions, and state the railroad or railroads to which the same shall be made, and the kind of shops to be built and maintained; and provided further, that the terms of said ordinance shall be published for thirty (30) days before said election is held, and that notice of said election shall be published for thirty (30) days. (Pub. Acts 1895, Ch. 133, § 4; Priv. Acts 1911, Ch. 10, § 13)

(Paragraph 4 of the Amended Plan appended to the Agreed Order, dated 1-18-90, in the case of Brown v. Board of Commissioners, U.S.D.C., No. CIV-1-87-388)

Sec. 6.156 -- 6.165. Reserved.

CHAPTER VII. TORT LIABILITY AND MORAL CLAIMS FUNDS

Sec. 6.166. Authorized.

The charter of the City of Chattanooga, Tennessee, and all acts amendatory thereto, is amended to authorize the city council to establish a tort liability fund and a moral claims fund from and after July 1, 1965, and to provide for the purpose and the manner in which disbursements shall be made from said funds. (Priv. Acts 1965, Ch. 165, § 1)

(Paragraph 4 of the Amended Plan appended to the Agreed Order, dated 1-18-90, in the case of Brown v. Board of Commissioners, U.S.D.C., No. CIV-1-87-388)

Sec. 6.167. Appropriations for, use of tort liability fund.

There shall be included in the budget and appropriated to the tort liability fund an amount which the city council anticipates will be needed to create and maintain the fund at a level to meet any liability of the city resulting from acts or omissions of any officials, officers or employees of the city while engaged in the exercise of proprietary functions including, but not limited to, the operation of motor vehicles. Disbursements from the fund shall be made only for this purpose; and neither the creation of this fund, nor the appropriation of money to the fund from whatever source, shall constitute a waiver of immunity from suit for acts or omissions of

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officers and employees of the city while engaged in governmental functions, and the city council shall not have power to waive such immunity. That the city attorney may settle or compromise and authorize payment of any claim payable from the tort liability fund which does not exceed one thousand dollars (\$1,000.00). (Priv. Acts 1965, Ch. 165, § 2)

(Paragraph 4 of the Amended Plan appended to the Agreed Order, dated 1-18-90, in the case of Brown v. Board of Commissioners, U.S.D.C., No. CIV-1-87-388)

Sec. 6.168. Appropriations for, use of moral claims fund.

There may be included in the budget and appropriated to the moral claims fund an amount to provide for the payment of moral claims not to exceed twenty thousand dollars (\$20,000.00) in any fiscal year. Moral claims shall be interpreted to mean, and shall be limited to, claims for injury to person or property resulting from acts or omissions of officials, officers or employees of the city while engaged in governmental functions including, but not limited to, the operation of motor vehicles. Disbursements from this fund shall be made only for this purpose and only in the manner provided in Section 4 of this Act [section 6.169 hereof]. Neither the creation of this fund, nor the appropriation of money to this fund from whatever source, shall constitute a waiver of immunity from suit for acts or omissions of officers and employees of the city while engaged in governmental functions, and the city council shall not have power to waive such immunity. (Priv. Acts 1965, Ch. 165, § 3)

(Paragraph 4 of the Amended Plan appended to the Agreed Order, dated 1-18-90, in the case of Brown v. Board of Commissioners, U.S.D.C., No. CIV-1-87-388)

Sec. 6.169. Investigation, report of moral claims.

If the city appropriates to said moral claims fund, the city attorney shall cause to be investigated every claim or demand, including accidents involving uninsured motor vehicles owned or used by the city, where the city is immune from suit because the official, officer or employee was engaged in a governmental function. It shall be the duty of every department, agency or division of the city government to promptly make a written report to the city attorney of every accident or injury occurring to the person or property of third persons and/or the city. [If the city] attorney is of the opinion that the injury or damage resulted from the acts or omissions of an official, officer or employee of the city and while engaged in the exercise of a governmental function, he shall cause to be made a full report to the city council which shall include:

- (1) A statement of opinion that the city is immune from suit;
- (2) A statement of opinion that the cause of the injury or damage was the fault or negligence of the official, officer or employee of the city and whether there was contributory negligence; and
- (3) A recommendation as to whether there is a moral claim and the amount that should be paid.

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It shall be within the absolute discretion of the city council to allow or disallow such claims and to determine the amount to be paid if a claim is allowed. (Priv. Acts 1965, Ch. 165, § 4)

(Paragraph 3 of the Amended Plan appended to the Agreed Order, dated 1-18-90, in the case of Brown v. Board of Commissioners, U.S.D.C., No. CIV-1-87-388)

Sec. 6.170. Permanent nature of funds.

The tort liability fund and the moral claims fund shall be permanent funds and at the end of the fiscal year the same shall not be appropriated for any other municipal purpose, nor shall the same revert to surplus or a contingency fund. The moral claims fund may, if desired, be designated as a casualty fund. (Priv. Acts 1965, Ch. 165, § 5)

Sec. 6.171. Insurance not barred.

Nothing herein shall be construed as prohibiting the city from contracting for any form of insurance, including but not limited to coverage for motor vehicles, buildings, or other insurable risks, whether as to one department, agency or division of city government, or for more than one, or for all divisions of city government. (Priv. Acts 1965, Ch. 165, § 6)

Sec. 6.172. Interpretation; applicability to pending claims.

This Act [chapter] shall receive a liberal interpretation and construction; and Sections 3 and 4 [sections 6.168 and 6.169 hereof] may apply to pending claims or demands not barred by any statute or rule of limitation, or requirement of notice. (Priv. Acts 1965, Ch. 165, § 7)